

# TEXAS SESSION LAWS 2017

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## GENERAL AND SPECIAL Eighty-Fifth Legislature, Regular Session

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### PALO DURO RIVER AUTHORITY, FOLLOWING RECOMMENDATIONS OF THE SUNSET ADVISORY COMMISSION

#### CHAPTER 1046

H.B. No. 1920

#### AN ACT

relating to the Palo Duro River Authority, following recommendations of the Sunset Advisory Commission.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Sections 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, and 12, Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973, are amended to read as follows:

Sec. 1. By virtue of Section 59, Article XVI of the Constitution of the State of Texas, there is hereby created a conservation and reclamation district to be known as "Palo Duro Water District," ~~[River Authority of Texas]~~ (hereinafter sometimes referred to as the "Authority") which shall be a governmental agency, a body politic and corporate, and a political subdivision of this state.

Sec. 2. The *district* [Authority] hereby created and established shall comprise all of the territory contained within the Counties of Hansford and Moore and the City of Stinnett [Ochiltree]. It is hereby found and determined that all of the land thus included in the *district* [Authority] will be benefited by the improvements to be acquired and constructed by the *district* [Authority], and that the *district* [Authority] is created to serve a public use and benefit.

Sec. 3. The *district, inside or outside its boundaries*, ~~[Authority within its limits]~~ is hereby empowered: (a) to develop, construct or purchase dams and reservoirs. The *district* [Authority] is empowered to construct or to purchase all plants and other facilities necessary or useful for the purpose of providing a source of water supply and storing, processing such water and transporting and distributing it for irrigation, livestock raising, agricultural, municipal, domestic and industrial purposes. The *district* [Authority] shall at all times have power to develop or purchase additional sources of water and to improve, enlarge and extend its water system. The *district* [Authority] is also empowered to make contracts for the purchase of water; (b) in order to preserve and protect the purity of the waters of the state and of the *district* [Authority] and conserve

and reclaim said waters for beneficial use by the inhabitants of the *district* [Authority], to provide all plants, works, facilities and appliances incident to or helpful or necessary to the collection, transportation, processing, disposal, and control of such waters for agricultural, municipal, domestic, oil field flooding, mining and industrial purposes; and (c) the *district* [Authority] is empowered to impound, store, control and conserve the storm and flood waters and the unappropriated flow waters [within the limits of the Authority], including but not limited to the storm and flood waters and unappropriated flow waters of Palo Duro Creek and Horse Creek, [River and the tributaries thereof within and without its watershed] by complying with the provisions of Chapter 1, Title 128, Revised Civil Statutes of Texas, as amended.

Sec. 5. (a) *The district may not construct a* [No] dam or other facility [facilities] for impounding water [shall be constructed] until the plans therefor are approved by the *commission* [Texas Water Rights Commission]. The Authority is not authorized to develop or otherwise acquire underground sources of water.

(b) The *district* [Authority] may sell, trade, or otherwise dispose of any real or personal property deemed by the *district* [this Commission] not to be needed for *district* [Authority] purposes, subject to the terms of any deed of trust or other indenture [issued by the Commission].

Sec. 6. The *district* [Authority] is authorized to enter into contracts with cities and others for supplying water to them. The *district* [Authority] is also authorized to contract with any city for the rental or leasing of, or for the operation of the water production, water supply, and water filtration or purification [and water supply] facilities of such city upon such consideration as the *district* [Authority] and the city may agree. Any such contract may be upon such terms and for such time as the parties may agree, and it may provide that it shall continue in effect until bonds specified therein and refunding bonds issued in lieu of such bonds are paid.

Sec. 7. The *district* [Authority] is empowered to obtain through appropriate hearings an appropriation permit or permits from the *commission* [Texas Water Rights Commission], as provided in Chapter 1 of Title 128, Revised Civil Statutes of 1925, as amended. Thereafter such permit, either upon application of the *district* [Authority] or at the will of the *commission* [Texas Water Rights Commission], may be modified by the *commission* [said Commission] after an appropriate hearing to increase or decrease the amount of water which may be appropriated[, and the amount which may be stored by the *district* [Authority] to meet fluctuating demands. On[, either upon] application by the *district* [Authority] or by its own action the *commission* [Texas Water Rights Commission] shall redetermine the maximum amount of water which the *district* [Authority] may store in its reservoir and in making such determination it shall consider the needs of the cities and others that purchase water from the *district* [Authority].

Sec. 8. The *district* [Authority] is authorized to acquire or construct within or without the boundaries of the *district* [Authority], a dam or dams and all works, plants and other facilities necessary or useful for the purpose of impounding, processing and transporting water to cities and others for municipal, agricultural, domestic, industrial, oil field flooding, and mining purposes. The size of the dam and reservoir shall be determined by the *board* [Board of Directors], taking into consideration probable future increases in water requirements, and the size of the dam shall not be limited by the amount of water initially authorized by the *commission* [Texas Water Commission] to be impounded therein. [No dam or other facilities for impounding water shall be constructed until the plans therefor are approved by the Texas Department of Water Resources.]

Sec. 9. The *district* [Authority] is empowered to acquire land within or without the boundaries of the *district* [Authority], and to construct, lease or otherwise acquire all works, plants and other facilities necessary or useful for the purpose of diverting, further impounding or storing water, processing such water and transporting it to cities and others for agricultural, municipal, domestic, industrial, oil field flooding, and mining purposes.

Sec. 10. (a) For the purpose of carrying out any power or authority conferred by this Act the *district* [Authority] shall have the right to acquire by condemnation in the manner provided by Title 52, Revised Statutes, as amended, relating to eminent domain:

(1) the fee simple title to land and other property and easements (including land needed for the reservoir and dam and flood easements above the probable high water line around any such reservoirs) within the boundaries of the *district* [Authority]; and

(2) the fee simple title to land and other property and easements (except for land, other property, and easements to be used for a dam or dams or facilities for the impoundment or storage of water) outside the boundaries of the *district* [Authority].

(b) The *district* [Authority] is hereby declared to be a municipal corporation within the meaning of Article 3268 of said Title 52, except that the *district* [Authority] shall not have the right to so condemn any property which may be owned by any other political subdivision, city or town; provided, however, that as against persons, firms and corporations, or receivers or trustees thereof, who have the power of eminent domain, the fee title may not be condemned, but the *district* [Authority] may condemn only an easement. The amount of and character of interest in land, other property and easements thus to be acquired shall be determined by the *board* [Board of Directors].

Sec. 11. The *district* [Authority] herein created shall be and it is hereby empowered to control, store, conserve, protect, distribute and utilize the storm and flood waters within the area of the *district* [Authority] for all useful purposes permitted by law; also, to carry out flood prevention and control measures within the *district* [Authority] and to prevent or aid in preventing damage to the lands of the *district* [Authority] and the soil and fertility thereof; to cooperate with all other districts, departments or agencies of the State Government, or any agency, representative, instrumentality or department of the United States Government; and to receive and accept technical and financial assistance therefrom in the accomplishment of the [said] purposes described by this section. The *district* [said Authority] is further authorized and empowered to purchase, construct, maintain, or in any other lawful manner to acquire, provide and develop all works, facilities, improvements, lands, easements and properties, which may be necessary or useful in fulfilling the purposes of the *district* [Authority] or any of them.

Sec. 12. The *district* [Authority] is authorized to acquire water appropriation permits from owners of permits. The *district* [Authority] is hereby empowered to lease or acquire rights in and to storage and storage capacity in any reservoir constructed or to be constructed by any person, firm, corporation or public agency or from the United States Government or any of its agencies.

SECTION 2. Sections 13(a), (b), (c), and (d), Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973, are amended to read as follows:

(a) The *board* [Board of Directors of the Authority] shall have the power to adopt and promulgate all reasonable regulations to secure, maintain, and preserve the sanitary condition of all water in and to flow into any reservoir owned by the *district*, [Authority] to prevent waste of water or the unauthorized use thereof, and to regulate residence, hunting, fishing, boating and camping, and all recreational and business privileges, along or around any such reservoir, [or any] body of land, or easement owned by the *district* [Authority].

(b) The *district* [Such Authority] may prescribe reasonable penalties for the breach of any regulation of the *district* [Authority], which penalties shall not exceed fines of more than Two Hundred Dollars (\$200.) [~~or imprisonment for not more than thirty (30) days, or may provide both such fine and such imprisonment~~]. The penalties hereby authorized shall be in addition to any other penalties provided by the laws of Texas and may be enforced by complaints filed in the appropriate court of jurisdiction, provided, however, that no rule or regulation which provides a penalty for the violation thereof shall be in effect, as to enforcement of the penalty, until five (5) days next after the *district* [Authority] may have caused a substantive statement of the particular rule or regulation and the penalty for the violation thereof to be published, once a week for two (2) consecutive weeks in the county in which such reservoir is situated, or in any county in which it is partly situated. The substantive statement so to be published shall be as condensed as is possible to afford an intelligent direction of the mind to the act forbidden by the rule or regulation; one (1) notice may embrace any number of regulations; there must be embraced in the notice advice that breach of the particular regulation, or regulations,

will subject the violator to the infliction of a penalty and there also shall be included in the notice advice that the full text of the regulations sought to be enforced is on file in the principal office of the *district* [Authority], where the same may be read by any interested person. Five (5) days after the second publication of the notice hereby required, the advertised regulation shall be in effect, and ignorance of any such regulation shall not constitute a defense to a prosecution for the enforcement of a penalty and, the rules and regulations authorized hereby, after the required publication, shall judicially be known to the courts and shall be considered of a nature like unto that of valid penal ordinance of a city of the state.

(c) Any duly constituted peace officer, provided such officers meet the Texas Law Officers minimum certification requirements, shall have the power to make arrests when necessary to prevent or abate the commission of any offense against the regulations of the *district* [Authority], and against the laws of the State of Texas, when any such offense or threatened offense occurs upon any land, water or easement owned or controlled by the *district* [Authority], or to make such arrest at any place, in case of an offense involving injury or detriment to any property owned or controlled by such *district* [Authority].

(d) Territory may be annexed to the *district* [Authority], whether or not contiguous to the *district* [Authority], in the following manner:

(1) A petition praying for such annexation signed by fifty (50) or a majority, whichever number is smaller, of the resident, qualified voters of the territory or of duly incorporated cities or towns sought to be annexed shall be filed with the board. The petition shall describe the territory to be annexed by metes and bounds, or otherwise, unless such territory is the same as that contained within the boundaries of such city or town, in which event it shall be sufficient to state that the territory to be annexed is that which is contained within the boundaries of such city or town.

(2) If the *board* [Board of Directors] finds that the petition complies with and is signed by the number of qualified persons required by Subdivision (1) of this subsection, that the annexation would be to the best interest of the territory, city or town, and the *district* [Authority], and that the *district* [Authority] will be able to supply water, or cause water to be supplied to the territory, city, or town, it shall adopt a resolution stating the conditions, if any, under which such territory, city, or town may be annexed to the *district* [Authority], and shall fix a time and place when and where a hearing shall be held by the board on the question of whether the territory, city, or town sought to be annexed will be benefited by the improvements, works, and facilities then owned or operated or contemplated to be owned or operated by the *district* [Authority] or by the other functions of the *district* [Authority]. Notice of the adoption of such resolution stating the time and place of such hearing shall be published one (1) time in a newspaper of general circulation in the territory, city, or town sought to be annexed at least ten (10) days prior to the date of such hearing. The notice shall describe the territory in the same manner in which it is required or permitted by this Act to be described in the petition. All persons interested may appear at such hearing and offer evidence for or against the proposed annexation. Such hearing may proceed in such order and under such rules as may be prescribed by said board, and the hearing may be recessed from time to time. If, at the conclusion of the hearing, the *board* [Board of Directors] finds that the property in such territory, city, or town will be benefited by the present or contemplated improvements, works, or facilities of the *district* [Authority], the *board* [Board of Directors] shall adopt a resolution making a finding of such benefit and calling an election in the territory, city, or town proposed to be annexed stating therein the date of the election, the place or places of holding the same, the proposition to be voted on, and appointing a presiding judge for each voting place who shall appoint the necessary assistant judges and clerks to assist in holding the election.

Notice of such election shall be given by publishing a substantial copy of the resolution calling the election one (1) time in a newspaper of general circulation in the territory sought to be annexed to the *district* [Authority] at least ten (10) days before the date set for the election. Only constitutionally qualified electors who reside in the territory, city,

or town sought to be annexed shall be qualified to vote in said election. Returns of the result of said election shall be made to the board. The board shall canvass the returns of the election and adopt a resolution declaring the results thereof. If such resolution shows that a majority of the votes cast are in favor of annexation, the board shall by resolution annex said territory to the *district* [Authority], and such annexation shall thereafter be incontestable except in the manner and within the time for contesting the elections under the Texas Election Code, as amended.

(3) The board [Board of Directors], in calling an election on the proposition for annexation of territory, city, or town, may include as a part of the same proposition or a separate proposition for the assumption of its part of the tax-supported bonds of the *district* [Authority] then outstanding and those theretofore voted but not yet sold, and for the levy of an ad valorem tax on taxable property in said territory along with the tax in the rest of the *district* [Authority] for the payment thereof and the levying of maintenance taxes permitted by Section 27 of this Act, in which event the voting shall be restricted to constitutionally qualified electors. If such election fails, the annexed territory, city, or town shall be excluded from the *district* [Authority].

SECTION 3. Sections 14, 15, 16, 17, 18, and 19, Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973, are amended to read as follows:

Sec. 14. The *district* [Authority] is authorized to establish or otherwise provide for public parks and recreation facilities, and to acquire land for such purposes within the *district* [Authority].

Sec. 15. In the event that the *district* [Authority], in the exercise of the power of eminent domain or power of relocation, or any other power granted hereunder, makes necessary the relocation, raising, rerouting or changing the grade of, or altering the construction of any highway, railroad, electric transmission line, telephone or telegraph properties and facilities, or pipeline, all such necessary relocation, raising, rerouting, changing of grade or alteration of construction shall be accomplished at the sole expense of the *district* [Authority].

Sec. 16. It shall not be necessary for the board [Board of Directors] to call a confirmation election or to hold a hearing on the exclusion of lands or a hearing on the adoption of a plan of taxation, but the ad valorem plan of taxation shall be used by the *district* [Authority].

Sec. 17. (a) All powers of the *district* [Authority] shall be exercised by the board. Each director of the board [a Board of Directors (sometimes herein referred to as the "Board"), each of whom] shall serve staggered, two-year terms that expire on December 31 of each year. [for a term of two (2) years except for the directors appointed by this Act. The following directors are hereby appointed:

<u>DIRECTOR</u>	<u>RESIDENCE</u>	<u>TERM EXPIRING</u>
[Dee Jackson	Spearman, Hansford County, Texas	December 31, 1973
[N. F. (Gus) Renner	Spearman, Hansford County, Texas	December 31, 1974
[Robert V. Skinner	Spearman, Hansford County, Texas	December 31, 1973
[Bill Logsdon	Gruver, Hansford County, Texas	December 31, 1974
[Bob Urban	Perryton, Ochiltree County, Texas	December 31, 1973
[Delbert Timmons	Perryton, Ochiltree County, Texas	December 31, 1974
[Jerry Garrison	Perryton, Ochiltree County,	December 31, 1973

Texas  
 [Robert D. Lemon Perryton, Ochiltree County, December 31, 1974]  
 Texas

(b) In ~~[December of 1973 and in]~~ December of each year, ~~[hereafter]~~ the Commissioners Court of each county contained in the *district, except for Hutchinson County, and the city council of the City of Stinnett* ~~[Authority]~~ shall appoint a director or directors ~~[from such county]~~ whose term or terms are about to expire. Any vacancy shall be filled for the unexpired term by the governing body of the appropriate county or city. Four (4) ~~directors~~ ~~[members of the Board of Directors]~~ shall be appointed by the Commissioners Court of each county contained in the *district, except for Hutchinson County, and one director shall be appointed by the city council of the City of Stinnett.* Each ~~[Authority, and each]~~ director shall reside in the county from which *the director* ~~[he]~~ is appointed.

(c) Each director shall serve for *the director's* ~~[his]~~ term of office as herein provided, and thereafter until *the director's* ~~[his]~~ successor shall be appointed and qualified. No person shall be appointed a director unless *the person* ~~[he]~~ resides in and owns taxable property in the county or city from which *the person* ~~[he]~~ is appointed. No member of a governing body of a county or *the City of Stinnett*, and no employee of a county or *the City of Stinnett* shall be appointed as director. Such directors shall subscribe the Constitutional oath of office, and each shall give bond for the faithful performance of *the director's* ~~[his]~~ duties in the amount of Five Thousand Dollars (\$5,000.), the cost of which shall be paid by the *district* ~~[Authority]~~. A majority shall constitute a quorum. If any director moves from the county or city from which *the director* ~~[he]~~ is appointed or otherwise ceases to be a director, the Commissioners Court of such county or *the city council of the City of Stinnett, as appropriate,* shall appoint a director to succeed *in the position* ~~[him,]~~ for the unexpired term.

(d) *Unless the board by resolution increases the fee to an amount authorized by Section 49.060, Water Code, each* ~~[Each]~~ director shall receive a fee of not to exceed Twenty-Five Dollars (\$25.) for attending each meeting of the *board* ~~[Board]~~, provided that no more than Fifty Dollars (\$50.) shall be paid to any director for meetings held in any one (1) calendar month. Each director shall also be entitled to receive not to exceed Twenty-Five Dollars (\$25.) per day devoted to the business of the *district* ~~[Authority]~~ and to reimbursement for actual expenses incurred in attending to *district* ~~[Authority]~~ business provided that such service and expense are expressly approved by the *board* ~~[Board]~~.

Sec. 18. The *board* ~~[Board of Directors]~~ shall elect from its number a president and a vice president of the *district* ~~[Authority]~~, and such other officers as in the judgment of the *board* ~~[Board]~~ are necessary. The president shall be the chief executive officer of the *district* ~~[Authority]~~ and the presiding officer of the *board* ~~[Board]~~, and shall have the same right to vote as any other director. The vice president shall perform all duties and exercise all powers conferred by this Act upon the president when the president is absent or fails or declines to act except the president's right to vote. The *board* ~~[Board]~~ shall also appoint a secretary and a treasurer who may or may not be members of the *board* ~~[Board]~~, and it may combine those offices. The treasurer shall give bond in such amount as may be required by the *board* ~~[Board of Directors]~~. The condition of such bond shall be that *the treasurer* ~~[he]~~ will faithfully account for all money which shall come into *the treasurer's* ~~[his]~~ custody as treasurer of the *district* ~~[Authority]~~, and the *board* ~~[Board]~~ may adopt a seal for the *district* ~~[Authority]~~.

Sec. 19. The *board* ~~[Board of Directors]~~, from time to time, shall be authorized to make or cause to be made surveys and engineering investigations for the information of the *district* ~~[Authority]~~ to facilitate the accomplishment of the purposes for which the *district* ~~[Authority]~~ is created; and may employ a general manager, attorneys, accountants, engineers, or other technical or nontechnical employees or assistants; fix the amount and manner of their compensation; and may provide for the payment of expenditures deemed essential to the proper maintenance of the *district* ~~[Authority]~~ and its affairs. The power to employ and discharge employees may be conferred upon the general manager.

SECTION 4. Sections 20(a), (b), (d), (e), (f), (g), (h), and (i), Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973, are amended to read as follows:

(a) For the purpose of providing a source of water supply for cities and other users for agricultural, municipal, domestic, industrial, oil field flooding, and mining purposes, as authorized by this Act, and for the purpose of carrying out any other power or authority conferred by this Act, the *district* [Authority] is empowered to issue its negotiable bonds to be payable from revenues or taxes or both revenues and taxes of the *district* [Authority] as are pledged by resolution of the *board* [Board of Directors]. Pending the issuance of definitive bonds the *board* [Board] may authorize the delivery of negotiable interim bonds or notes, eligible for exchange or substitution by use of the definitive bonds.

(b) Such bonds shall be authorized by resolution of the *board* [Board of Directors] and shall be issued in the name of the *district* [Authority], signed by the president or vice president, attested by the secretary and shall bear the seal of the *district* [Authority]. It is provided, however, that the signatures of the president or of the secretary or of both may be printed or lithographed on the bonds if authorized by the *board* [Board of Directors], and that the seal of the *district* [Authority] may be impressed on the bonds or may be printed or lithographed thereon. The bonds shall mature serially or otherwise in not to exceed forty (40) years and may be sold at a price and under terms determined by the *board* [Board of Directors] to be the most advantageous reasonably obtainable[, provided that the interest cost to the Authority, including the discount, if any, shall bear interest at any rate per annum permitted by the Constitution and laws of the State as shall be determined by the Board of Directors,] and within the discretion of the *board* [Board] may be made callable prior to maturity at such times and prices as may be prescribed in the resolution authorizing the bonds, and may be made registrable as to principal or as to both principal and interest.

(d) The bonds may be secured by a pledge of all or part of the net revenue of the *district* [Authority], or by the net revenues of any one (1) or more contracts theretofore or thereafter made or other revenue or income specified by resolution of the *board* [Board of Directors] or in the trust indenture. Any such pledge may reserve the right, under conditions therein specified, to issue additional bonds which will be on a parity with or subordinate to the bonds then being issued. The term "net revenues" as used in this Section shall mean the gross revenues and income of the *district* [Authority] from all sources after deduction of the amount necessary to pay the cost of maintaining and operating the *district* [Authority] and its properties.

(e) The *district* [Authority] is also empowered to issue bonds payable from ad valorem taxes to be levied on all taxable property therein, or to issue bonds secured by and payable from both such taxes and the revenues of the *district* [Authority]. Where bonds are issued payable wholly or partially from ad valorem taxes, it shall be the duty of the *board* [Board of Directors] to levy a tax sufficient to pay the bonds and the interest thereon as such bonds and interest become due without limit as to the rate or the amount, but the rate of the tax for any year may be fixed after giving consideration to the money received from the pledged revenues which may be available for payment of principal and interest to the extent and in the manner permitted by the resolution authorizing the issuance of the bonds.

(f) Where bonds payable wholly from revenues are issued, it shall be the duty of the *board* [Board of Directors] to fix, and from time to time to revise, the rates of compensation for water sold and services rendered by the *district* [Authority] which will be sufficient to pay the expense of operating and maintaining the facilities of the *district* [Authority] and to pay the bonds as they mature and the interest as it accrues and to maintain the reserve and other funds as provided in the resolution authorizing the bonds. Where bonds payable partially from revenues are issued it shall be the duty of the *board* [Board] to fix, and from time to time to revise, the rate of compensation for water sold and services rendered by the *district* [Authority] which will be sufficient to assure compliance with the resolution authorizing the bonds.

(g) From the proceeds from the sale of the bonds, the *district* [Authority] may set aside an amount for the payment of interest expected to accrue during construction and a reserve interest and sinking fund, and such provision may be made in the resolution

authorizing the bonds. Proceeds from the sale of the bonds may also be used for the payment of all expenses necessarily incurred in accomplishing the purpose for which this *district [Authority]* is created, including expenses of issuing and selling the bonds. The proceeds from the sale of the bonds may be temporarily invested in direct obligations of the United States Government maturing in not more than one (1) year from the date of investment.

(h) In the event of a default or a threatened default in the payment of principal or of interest on bonds payable wholly or partially from revenues, any court of competent jurisdiction may, upon petition of the holders of outstanding bonds, appoint a receiver with authority to collect and receive all income of the *district [Authority]* except taxes, employ and discharge agents and employees of the *district [Authority]*, take charge of funds on hand (except funds received from taxes unless commingled) and manage the proprietary affairs of the *district [Attorney]* without consent or hindrance by the *directors [Directors]*. Such receiver may also be authorized to sell or make contracts for the sale of water or renew such contracts with the approval of the court appointing him. The court may vest the receiver with such other powers and duties as the court may find necessary for the protection of the holders of the bonds. The resolution authorizing the issuance of the bonds or the trust indenture securing *the bonds [them]* may limit or qualify the rights of *the holders* of less than all of the outstanding bonds payable from the same source to institute or prosecute any litigation affecting the *district's [Authority's]* property or income.

(i) Before the *district [Authority]* shall issue any bonds for improvements authorized herein, it shall secure prior approval from the *commission [Texas Water Rights Commission]* in the manner provided by Section 51.421, Texas Water Code.

SECTION 5. Sections 21 and 22, Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973, are amended to read as follows:

Sec. 21. The *district [Authority]* is authorized to issue refunding bonds for the purpose of refunding any outstanding bonds authorized by this Act and interest thereon. Such refunding bonds may be issued to refund more than one (1) series of outstanding bonds and combine the pledges for the outstanding bonds for the security of the refunding bonds, and may be secured by other or additional revenues and mortgage liens. The provisions of this law with reference to the issuance by the *district [Authority]* of other bonds, their security, and their approval by the Attorney General and the remedies of the holders shall be applicable to refunding bonds. Refunding bonds shall be registered by the Comptroller upon surrender and cancellation of the bonds to be refunded, but in lieu thereof, the resolution authorizing their issuance may provide that they shall be sold and the proceeds thereof deposited in the bank where the original bonds are payable, in which case the refunding bonds may be issued in an amount sufficient to pay the principal of and the interest on the original bonds to their option date or maturity date, and the Comptroller shall register them without concurrent surrender and cancellation of the original bonds.

Sec. 22. Any bonds (including refunding bonds) authorized by this law, not payable wholly from ad valorem taxes, may be additionally secured by a trust indenture under which the Trustee may be a bank having trust powers situated either within or outside of the State of Texas. Such bonds, within the discretion of the *board [Board of Directors]*, may be additionally secured by a deed of trust or mortgage lien upon physical properties of the *district [Authority]* and all franchises, easements, water rights and appropriation permits, leases and contracts and all rights appurtenant to such properties vesting in the trustee power to sell the properties for the payment of the indebtedness, power to operate the properties and all other powers and authority for the further security of the bonds. Such trust indenture, regardless of the existence of the deed of trust or mortgage lien on the properties may contain any provisions prescribed by the *board [Board of Directors]* for the security of the bonds and the preservation of the trust estate, and may make provision for amendment or modification thereof and the issuance of bonds to replace lost or mutilated bonds, and may condition the right to expend *district [Authority]* money or sell *district [Authority]* property upon approval of a registered professional engineer selected as provided therein, and may make provision for the investment of



funds of the *district* [Authority]. Any purchaser under a sale under the deed of trust lien, where one is given, shall be the absolute owner of the properties, facilities and rights so purchased and shall have the right to maintain and operate the same.

SECTION 6. Sections 23(a), (b), and (c), Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973, are amended to read as follows:

(a) No bonds payable wholly or partially from ad valorem taxes (except refunding bonds) shall be issued unless authorized by a majority vote of the constitutionally qualified electors voting at such election. ~~[No territory shall be detached from the Authority after the issuance of bonds which are payable from revenues or taxes or both.]~~ Bonds not payable wholly or partially from ad valorem taxes may be issued without an election.

(b) Such election may be called by the board ~~[Board of Directors]~~ without a petition. The resolution calling the election shall specify the time and places of holding the same, the purpose for which the bonds are to be issued, the maximum amount thereof, the maximum maturity thereof, the form of the ballot, and the presiding judge for each voting place. The presiding judge serving at each voting place shall appoint one (1) assistant judge and at least two (2) clerks to assist in holding such election. Notice of the election shall be given by publishing a substantial copy thereof in one (1) newspaper published in each city contained in the *district* [Authority] for two (2) consecutive weeks. The first publication shall be at least twenty-one (21) days prior to the election. In any city in which no newspaper is published, notice shall be given by posting a copy of the resolution in three (3) public places.

(c) The returns of the election shall be made to and canvassed by the board ~~[Board of Directors of the Authority]~~.

SECTION 7. Sections 24, 25, 26, and 27, Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973, are amended to read as follows:

Sec. 24. After any bonds (including refunding bonds) are authorized by the *district* [Authority], such bonds and the record relating to their issuance shall be submitted to the Attorney General for ~~[his]~~ examination as to the validity thereof. Where such bonds recite that they are secured by a pledge of the proceeds of a contract theretofore made between the *district* [Authority] and any city or other governmental agency, authority or district, a copy of such contract and the proceedings of the city or other governmental agency, authority or district authorizing such contract shall also be submitted to the Attorney General. If such bonds have been authorized and if such contracts have been made in accordance with the Constitution and laws of the State of Texas the Attorney General ~~[he]~~ shall approve the bonds and such contracts and the bonds then shall be registered by the Comptroller of Public Accounts. Thereafter the bonds, and the contracts, if any, shall be valid and binding and shall be incontestable for any cause.

Sec. 25. All bonds of the *district* [Authority] shall be and are hereby declared to be legal and authorized investments for banks, savings banks, trust companies, building and loan association, savings and loan association, insurance companies, fiduciaries, trustees, guardians, and for the sinking fund of cities, towns, villages, counties, school districts, or other political corporations or subdivisions of the State of Texas. Such bonds shall be eligible to secure the deposit of any and all public funds of the State of Texas, and any and all public funds of cities, towns, villages, counties, school districts, or other political corporations or subdivision of the State of Texas; and such bonds shall be lawful and sufficient security for said deposits to the extent of their value, when accompanied by all unmatured coupons appurtenant thereto.

Sec. 26. The accomplishment of the purposes stated in this Act is for the benefit of the people of this state and for the improvement of their properties and industries, and the *district* [Authority], in carrying out the purposes of this Act will be performing an essential public function under the Constitution. The *district* [Authority] shall not be required to pay any tax or assessment on the project or any part thereof, and the bonds issued hereunder and their transfer and the income therefrom, including the profits made on the sale thereof, shall at all times be free from taxation within this state.

Sec. 27. The *district* [Authority] may upon a favorable majority vote of the qualified

property taxpaying electors of the *district* [Authority] voting at an election held within the boundaries of the *district* [Authority] for that purpose, levy, assess and collect annual taxes to provide funds necessary to construct or acquire, maintain and operate dams, works, plants and facilities deemed essential or beneficial to the *district* [Authority] and its purposes, and also when so authorized may levy, assess and collect annual taxes as provided by the Tax Code to provide funds adequate to defray the cost of the maintenance, operation and administration of the *district* [Authority]; provided, however, that the *district* [Authority] shall not have the power to levy or collect a tax for the maintenance, operation, and administration of the *district* [Authority] which exceeds fifty cents (50¢) on the One Hundred Dollars (\$100) assessed valuation on the property subject to taxation. Elections for the levy of such taxes shall be ordered by the board [Board of Directors] and shall be held and conducted in the manner provided by this law relating to elections for the authorization of bonds. The board [Board of Directors] shall designate such polling places as they deem fitting and proper. ~~[All taxes levied by the Authority for any purpose shall constitute a lien on the property against which levied and shall not bar the enforcement or collection thereof.]~~

SECTION 8. Sections 28(a), (b), (d), (e), (f), and (h), Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973, are amended to read as follows:

(a) The tax rolls of the counties situated within the *district* [Authority] are hereby adopted and shall constitute the tax rolls of the *district* [Authority], until assessment and tax rolls shall be made by the *district* [Authority].

(b) If the *district* [Authority] issues and delivers bonds which are payable wholly or partially from ad valorem taxes, or votes the taxes as provided in Section 27 ~~[of the Authority's Act]~~, the board annually shall cause the taxable property in the *district* [Authority] to be rendered and assessed for ad valorem taxation, and the value of such taxable property to be equalized, and the ad valorem taxes in the *district* [Authority] to be collected, in accordance with any of the methods set forth in this section, and any method adopted shall remain in effect until changed by the board.

(d) The laws of this State applicable to counties may be adopted and shall be used to the extent pertinent and practicable, provided that the board shall have the authority to act as its own board of equalization or to appoint three resident, qualified electors of the *district* [Authority] who own taxable property therein to act as the board of equalization of the *district* [Authority], and in either case the board of equalization shall qualify and perform the duties prescribed by law for county commissioners courts acting as boards of equalization.

(e) The board shall be authorized to have the taxable property in the *district* [Authority] assessed, its values equalized, and/or its taxes collected, in whole or in part, by the tax assessors, board of equalization, and/or tax collectors, respectively, of any county, city, taxing district, or other governmental subdivision in which all or any part of the *district* [Authority] is located; and such property may be assessed and the values thereof equalized on the same basis or a different basis than that used by any such governmental subdivision. Such property shall be assessed, the values thereof equalized, and such taxes collected in the manner and for such compensation as shall be agreed on between the appropriate parties, and the functions thus assumed by the officials of any such governmental subdivision shall be additional duties pertaining to their offices, respectively. The ad valorem tax law applicable to each such governmental subdivision shall apply to its officials in carrying out such functions for the *district* [Authority].

(f) It is specifically provided, however, that under any method used all taxable property within the *district* [Authority] shall be assessed on the same basis, and the values thereof shall be equalized by only one board of equalization, in an equal and uniform manner, as required by the Texas Constitution. If the board desires that taxable property shall be assessed and taxes collected by the tax assessors and/or collectors of more than one governmental subdivision, the board shall either act as its own board of equalization or appoint three resident, qualified electors of the *district* [Authority] who own taxable property therein to act as the board of equalization, and in either case the board of equalization shall qualify and perform the duties prescribed by law for county commissioners courts acting as boards of equalization.

(h) If the *district* [~~Authority~~] issues and delivers bonds payable wholly or partially from ad valorem taxes, the *board* [~~Board~~] shall levy and cause to be assessed and collected ad valorem taxes sufficient to pay the interest on and principal of said bonds, without limit as to the rate or the amount [~~after giving consideration to any revenues that may be pledged to the payment of bonds~~].

SECTION 9. Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973, is amended by amending Section 29 and adding Sections 1B, 3A, 13A, 19A, 19B, 19C, 19D, 19E, 19F, and 19G to read as follows:

Sec. 29. (a) The *board* [~~Board of Directors~~] shall designate one (1) or more banks within the *district* [~~Authority~~] to serve as depository for the funds of the *district* [~~Authority~~]. All funds of the *district* [~~Authority~~] shall be deposited in such depository bank or banks except that funds pledged to pay bonds may be deposited with the trustee bank named in the trust agreement, and except that funds shall be remitted to the bank of payment for the payment of principal of and interest on bonds. To the extent that funds in the depository banks and the trustee bank are not insured by the F.D.I.C. they shall be secured in the manner provided by law for the security of county funds.

(b) Before designating a depository bank or banks, the *board* [~~Board of Directors~~] shall issue a notice stating the time and place when and where the *board* [~~Board~~] will meet for such purpose and inviting the banks in the *district* [~~Authority~~] to submit applications to be designated depositories. The term of service for depositories shall be prescribed by the *board* [~~Board~~]. Such notice shall be published one (1) time in a newspaper or newspapers published in the *district* [~~Authority~~] and specified by the *board* [~~Board~~].

(c) At the time mentioned in the notice, the *board* [~~Board~~] shall consider the applications and the management and condition of the banks filing them, and shall designate as depositories the bank or banks which offer the most favorable terms and conditions for the handling of the funds of the *district* [~~Authority~~] and which the *board* [~~Board~~] finds have proper management and are in condition to warrant handling of *district* [~~Authority~~] funds. Membership on the *board* [~~Board of Directors~~] of an officer or director of a bank shall not disqualify such bank from being designated as depository.

(d) If no applications are received by the time stated in the notice, the *board* [~~Board~~] shall designate some bank or banks within or without the *district* [~~Authority~~] upon such terms and conditions as it may find advantageous to the *district* [~~Authority~~].

Sec. 1B. In this Act:

- (1) "Board" means the district's board of directors.
- (2) "Commission" means the Texas Commission on Environmental Quality.
- (3) "Director" means a member of the board.
- (4) "District" means the Palo Duro Water District.
- (5) "Member entity" means a county or municipality that is a member of the district.

Sec. 3A. The district may:

- (1) lease the hunting rights on property owned by the district;
- (2) develop, manage, or lease property owned by the district for any recreational purpose; and
- (3) lease property owned by the district to a person seeking to develop renewable energy resources.

Sec. 13A. (a) A county or municipality may withdraw from the district or the district may dissolve according to this section.

(b) In order to withdraw from the district or to dissolve the district, the governing body of a member entity must issue an order or pass a resolution declaring the intent to withdraw from or dissolve the district. The order or resolution must state:

- (1) the intention to either withdraw from the district or call for the dissolution of the district; and

(2) *the reasons supporting the withdrawal or dissolution.*

(c) *Not later than the 30th day after the date the district receives an order or resolution under Subsection (b), the district shall hold a public hearing on the matter described by the order or resolution.*

(d) *In the event of a proposed withdrawal or dissolution under this section, the member entities must reach a financial agreement that:*

(1) *for a withdrawal of a county or municipality from the district, provides for sufficient revenue for maintaining the Palo Duro Reservoir and the dam that impounds the water in the reservoir; or*

(2) *for a dissolution of the district, provides for the transfer of:*

(A) *the ownership rights of the dam to an entity that assumes responsibility for the maintenance of the dam and liability for actions related to the dam;*

(B) *all assets and liabilities of the district to other entities; and*

(C) *the responsibility for the continued provision of services, if the district provides services.*

(e) *The board must provide an opportunity for the public to comment on the financial agreement described by Subsection (d) before the board votes as described by Subsection (f). The period for public comment must last not less than 10 days.*

(f) *After consideration of the public comments submitted under Subsection (e), the board shall vote on the issue described by the order or resolution under Subsection (b). The board may proceed with the withdrawal or dissolution only if two-thirds of all of the members of the board vote in favor of withdrawal or dissolution.*

(g) *If the board votes in favor of withdrawal or dissolution as provided by Subsection (f), the governing body of each member entity shall vote on the matter of withdrawal or dissolution.*

(h) *A withdrawal or dissolution authorized under this section does not take effect until:*

(1) *the governing body of each county and municipality has voted in favor of withdrawal or dissolution;*

(2) *all conditions specified in the financial agreement described by Subsection (d) have been met; and*

(3) *all actions described in the financial agreement described by Subsection (d) have been completed.*

Sec. 19A. *The board shall develop and implement policies that provide the public with a reasonable opportunity to appear before the board and to speak on any agenda item at board meetings.*

Sec. 19B. *A director who has a financial interest in a contract under consideration by the district for the purchase, sale, lease, rental, or supply of property, including supplies, materials, and equipment, or the construction of facilities, shall disclose that fact to the other members of the board and may not vote on or participate in discussions during board meetings on the acceptance of the contract. A financial interest of a director does not affect the validity of a contract if disclosure is made and the director with the financial interest does not vote on the question of entering into the contract.*

Sec. 19C. *Not earlier than the 10th day after the date a director receives written notice of a charge against the director, and after an opportunity to be heard in person or through the appearance of counsel at a public hearing on the matter of the charge described by the notice, the board may remove a director for:*

(1) *inefficiency;*

(2) *neglect of duty; or*

(3) *misconduct in office.*

Sec. 19D. (a) *A person who is appointed to and qualifies for office as a director may not vote, deliberate, or be counted as a director in attendance at a meeting of the board until the person completes a training program that complies with this section.*

(b) *The training program must provide the person with information regarding:*

- (1) the law governing district operations;*
- (2) the programs, functions, rules, and budget of the district;*
- (3) the scope of and limitations on the rulemaking authority of the district;*
- (4) the results of the most recent formal audit of the district;*
- (5) the requirements of:*

*(A) laws relating to open meetings, public information, administrative procedure, and disclosing conflicts of interest; and*

*(B) other laws applicable to members of the governing body of a water district in performing their duties; and*

*(6) any applicable ethics policies adopted by the board or the Texas Ethics Commission.*

*(c) A person appointed to the board is entitled to reimbursement for the travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.*

*(d) The board shall create a training manual that includes the information required by Subsection (b). The board shall distribute a copy of the training manual annually to each director. On receipt of the training manual, each director shall sign a statement acknowledging receipt of the training manual.*

*Sec. 19E. The board shall develop and implement policies that clearly separate the policymaking responsibilities of the board and the management responsibilities of the general manager and staff of the district.*

*Sec. 19F. (a) The district shall maintain a system to promptly and efficiently act on complaints filed with the district. The district shall maintain information about parties to the complaint, the subject matter of the complaint, a summary of the results of the review or investigation of the complaint, and its disposition.*

*(b) The district shall make information available describing its procedures for complaint investigation and resolution.*

*(c) The district shall periodically notify the complaint parties of the status of the complaint until final disposition.*

*Sec. 19G. (a) The district shall develop a policy to encourage the use of:*

*(1) negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of district rules; and*

*(2) appropriate alternative dispute resolution procedures under Chapter 2009, Government Code, to assist in the resolution of internal and external disputes under the district's jurisdiction.*

*(b) The district's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.*

*(c) The district shall:*

*(1) coordinate the implementation of the policy adopted under Subsection (a);*

*(2) provide training as needed to implement the procedures for negotiated rulemaking or alternative dispute resolution; and*

*(3) collect data concerning the effectiveness of those procedures.*

**SECTION 10.** Section 325.025(b), Government Code, is amended to read as follows:

**(b)** This section applies to the:

- (1)** Angelina and Neches River Authority;
- (2)** Bandera County River Authority and Groundwater District;
- (3)** Brazos River Authority;

- (4) Central Colorado River Authority;
- (5) Guadalupe–Blanco River Authority;
- (6) Lavaca–Navidad River Authority;
- (7) Lower Colorado River Authority;
- (8) Lower Neches Valley Authority;
- (9) Nueces River Authority;
- (10) ~~[Palo Duro River Authority of Texas;~~
- ~~[(11)]~~ Red River Authority of Texas;
- (11) ~~[(12)]~~ Sabine River Authority of Texas;
- (12) ~~[(13)]~~ San Antonio River Authority;
- (13) ~~[(14)]~~ San Jacinto River Authority;
- (14) ~~[(15)]~~ Sulphur River Basin Authority;
- (15) ~~[(16)]~~ Trinity River Authority of Texas;
- (16) ~~[(17)]~~ Upper Colorado River Authority; and
- (17) ~~[(18)]~~ Upper Guadalupe River Authority.

SECTION 11. (a) The following sections of Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973, are repealed:

- (1) Section 1A;
- (2) Section 2A;
- (3) Section 2B;
- (4) Section 4;
- (5) Section 13(e);
- (6) Section 28(i); and
- (7) Section 30.

(b) The following sections are repealed:

- (1) Section 9, Chapter 115, Acts of the 64th Legislature, Regular Session, 1975;
- (2) Section 6, Chapter 17, Acts of the 68th Legislature, Regular Session, 1983; and
- (3) Section 4, Chapter 651, Acts of the 70th Legislature, Regular Session, 1987.

SECTION 12. (a) Notwithstanding Section 19D(a), Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973, as added by this Act, a person serving on the board of directors of the Palo Duro Water District, as renamed by this Act, may vote, deliberate, and be counted as a director in attendance at a meeting of the board until December 1, 2017.

(b) This section expires January 1, 2018.

SECTION 13. (a) The legal notice of the intention to introduce this Act, setting forth the general substance of this Act, has been published as provided by law, and the notice and a copy of this Act have been furnished to all persons, agencies, officials, or entities to which they are required to be furnished under Section 59, Article XVI, Texas Constitution, and Chapter 313, Government Code.

(b) The governor, one of the required recipients, has submitted the notice and Act to the Texas Commission on Environmental Quality.

(c) The Texas Commission on Environmental Quality has filed its recommendations relating to this Act with the governor, the lieutenant governor, and the speaker of the house of representatives within the required time.

(d) All requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act are fulfilled and accomplished.

SECTION 14. This Act takes effect September 1, 2017.

Passed by the House on May 2, 2017: Yeas 143, Nays 0, 1 present, not voting; the House concurred in Senate amendments to H.B. No. 1920 on May 26, 2017: Yeas 146, Nays 0, 1 present, not voting; passed by the Senate, with amendments, on May 24, 2017: Yeas 31, Nays 0.

Approved June 15, 2017.

Effective September 1, 2017.

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**FINANCIAL ACCOUNTING AND REPORTING  
REQUIREMENTS FOR THIS STATE AND POLITICAL  
SUBDIVISIONS OF THIS STATE**

**CHAPTER 1047**

H.B. No. 1930

**AN ACT**

**relating to financial accounting and reporting requirements for this state and political subdivisions of this state.**

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Chapter 2266, Government Code, is repealed.

SECTION 2. Section 112.002, Local Government Code, is amended by adding Subsection (c) to read as follows:

*(c) A regulation adopted under this section may not be inconsistent with generally accepted accounting principles as established by the Governmental Accounting Standards Board.*

SECTION 3. The changes in law made by this Act apply to financial accounting and reporting by a governmental entity that, immediately before the effective date of this Act, was subject to Chapter 2266, Government Code, as repealed by this Act, beginning with the governmental entity's first fiscal year that begins on or after September 1, 2018.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

Passed by the House on April 25, 2017: Yeas 145, Nays 0, 2 present, not voting; passed by the Senate on May 19, 2017: Yeas 31, Nays 0.

Approved June 15, 2017.

Effective June 15, 2017.

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**TEMPORARY CERTIFICATION OF AN EDUCATOR FROM  
OUTSIDE THE STATE WHO IS THE SPOUSE OF AN ACTIVE  
DUTY MILITARY SERVICE MEMBER**

**CHAPTER 1048**

H.B. No. 1934

**AN ACT**

**relating to temporary certification of an educator from outside the state who is the spouse of an active duty military service member.**